

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1275

Introduced by Senator De León

February 21, 2014

An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1275, as amended, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than the combination of what the motor vehicle owner would have received as compensation toward a replacement vehicle and the amount of a specified incentive available for a qualified plug-in battery electric vehicle. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria

air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and public stakeholders. The bill would *state that the goals of the initiative are to, among other things, place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and to increase access for disadvantaged and low- and moderate-income communities to zero-emission and near-zero-emission vehicles. The bill would require the state board to adopt, no later than June 30, 2015, a 9-year funding plan to meet the goals of the initiative, commencing in the 2016–17 fiscal year, to fund that establishes an estimate for the total funding necessary for specified programs and projects; to adopt, no later than June 30, 2015, specified revisions to the criteria and guidelines for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project; and to establish programs that further increase access to and direct benefits for disadvantaged and low- and moderate-income communities from electric transportation.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Seven of the 10 worst polluted cities in the United States
- 4 are in California. California has the largest proportion of its
- 5 population, over 40 percent, living close to or near busy roadways
- 6 and who may be exposed to an elevated risk of air pollution and
- 7 health impacts.
- 8 (b) California's low-income and disadvantaged populations
- 9 continue to face disproportionate impacts from substandard air
- 10 quality in the form of higher rates of respiratory illnesses,
- 11 hospitalizations, and premature death. Climate change is expected

1 also to have disproportionate impacts on disadvantaged,
2 low-income, and other vulnerable communities in California.

3 (c) Residents and businesses annually ~~spent~~ *spend* more than
4 \$70 billion in transportation fuel bills.

5 (d) Cars and trucks are the single largest source of global
6 warming pollution in California. They also are the largest
7 contributor to air pollution that harms public health.

8 (e) Zero-emission and near-zero-emission vehicles, including
9 light-, medium-, and heavy-duty vehicles and buses, can improve
10 the health and welfare of all residents, especially those in lower
11 income households and disadvantaged communities, by reducing
12 air pollution and greenhouse gas emissions.

13 (f) California businesses stand to benefit from increased
14 deployment of zero-emission and near-zero-emission vehicles
15 through reduced fuel expenditures and reduced pollution exposure
16 to workers and communities.

17 (g) California attracts over half of the nation's venture capital
18 for clean technology and ranks high among the states in the number
19 of workers and facilities supporting the clean vehicle and electric
20 vehicle industries.

21 (h) Automakers and truck manufacturers are in early
22 commercialization of zero-emission and near-zero-emission
23 vehicles, which can dramatically lower smog and greenhouse gas
24 emissions even when emissions from the production, distribution,
25 and refining of fuels and the generation of electricity are
26 considered.

27 (i) Electric utilities are providing clean renewable electricity in
28 increasing amounts to transportation customers throughout the
29 state. Charging-service providers are beginning to deploy electric
30 vehicle charging infrastructure throughout the state. Expanding
31 the market for zero-emission and near-zero-emission vehicles to
32 underserved markets in California is a priority.

33 (j) Low-carbon transportation has been identified as an eligible
34 investment under the Greenhouse Gas Reduction Fund Investment
35 Plan and Communities Revitalization Act (Chapter 4.1
36 (commencing with Section 39710) of Part 2 of Division 26 of the
37 Health and Safety Code). The act has identified low-carbon freight
38 transport and zero-emission passenger transportation as a
39 recommended area for investment.

(k) It is the goal of the state to place in service at least one million zero-emission and near-zero-emission vehicles ~~within eight years~~ by January 1, 2023, and to establish a self-sustaining zero-emission and near-zero-emission vehicle industry in which zero-emission and near-zero-emission vehicles are a viable mainstream option for individual vehicle purchasers, businesses, and public fleets.

(l) It is the goal of the state to increase access for disadvantaged and ~~low-income~~ *low- and moderate-income* communities to zero-emission and near-zero-emission vehicles and to increase the placement of those vehicles in those communities in order to enhance the air quality, lower greenhouse gases, and promote overall benefits for those communities.

(m) It is the intent of the Legislature that this act be consistent with the appropriations processes and criteria established by the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Chapter 4.1 (commencing with Section 39710) of Part 2 of Division 26 of the Health and Safety Code).

SEC. 2. Section 44125 of the Health and Safety Code is amended to read:

44125. (a) No later than July 1, 2009, the state board, in consultation with the bureau, shall adopt a program to commence on January 1, 2010, that allows for the voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. The program shall be administered by the bureau pursuant to guidelines adopted by the state board.

(b) No later than June 30, 2015, the state board, in consultation with the bureau, shall update the program established pursuant to subdivision (a). The program shall continue to be administered by the bureau pursuant to guidelines updated and adopted by the state board.

(c) The guidelines shall ensure all of the following:

(1) Vehicles retired pursuant to the program are permanently removed from operation and retired at a dismantler under contract with the bureau.

(2) Districts retain their authority to administer vehicle retirement programs otherwise authorized under law.

(3) The program is available for high polluting passenger vehicles and light-duty and medium-duty trucks that have been

1 continuously registered in California for two years prior to
2 acceptance into the program or otherwise proven to have been
3 driven primarily in California for the last two years and have not
4 been registered in another state or country in the last two years.
5 The guidelines may require a vehicle to take, complete, or pass a
6 smog check inspection.

7 (4) The program is focused where the greatest air quality impact
8 can be identified.

9 (5) (A) Compensation for retired vehicles shall be at least one
10 thousand five hundred dollars (\$1,500) for a low-income motor
11 vehicle owner, as defined in Section 44062.1, and no more than
12 one thousand dollars (\$1,000) for all other motor vehicle owners.

13 (B) Replacement or a mobility option may be an option for all
14 motor vehicle owners and may be in addition to compensation for
15 vehicles retired pursuant to subparagraph (A). For low-income
16 motor vehicle owners, as defined in Section 44062.1, compensation
17 toward a replacement vehicle shall be no less than two thousand
18 five hundred dollars ~~(\$2,500) and compensation for the mobility~~
19 ~~option shall be no less than the combination of what the motor~~
20 ~~vehicle owner would have received as compensation toward a~~
21 ~~replacement vehicle and the amount of an incentive available for~~
22 ~~a qualified plug-in battery electric vehicle pursuant to the Clean~~
23 ~~Vehicle Rebate Project, established pursuant to Section 44274~~
24 ~~(\$2,500). Compensation toward a replacement vehicle for all other~~
25 ~~motor vehicle owners shall not exceed compensation for~~
26 ~~low-income motor vehicle owners. Compensation for the mobility~~
27 ~~option shall be no less than the combination of what the motor~~
28 ~~vehicle owner would have received as compensation toward a~~
29 ~~replacement vehicle and the amount of an incentive available for~~
30 ~~a qualified plug-in battery electric vehicle pursuant to the Clean~~
31 ~~Vehicle Rebate Project, established pursuant to Section 44274.~~

32 (C) Compensation for either retired or replacement vehicles for
33 low-income motor vehicle owners may be increased as necessary
34 to maximize the air quality benefits of the program while also
35 ensuring participation by low-income motor vehicle owners, as
36 defined in Section 44062.1. Increases in compensation amounts
37 may be based on factors, including, but not limited to, the age of
38 the retired or replaced vehicle, the emissions benefits of the retired
39 or replaced vehicle, the emissions impact of any replacement
40 vehicle, participation by low-income motor vehicle owners, as

1 defined in Section 44062.1, and the location of the vehicle in an
2 area of the state with the poorest air quality.

3 (6) Cost-effectiveness and impacts on disadvantaged and
4 low-income populations are considered. Program eligibility may
5 be limited on the basis of income to ensure the program adequately
6 serves persons of low or moderate income.

7 (7) Provisions that coordinate the vehicle retirement and
8 replacement and mobility option components of the program with
9 the vehicle retirement component of the bureau's Consumer
10 Assistance Program, established pursuant to other provisions of
11 this chapter, to ensure vehicle owners participate in the appropriate
12 program to maximize emissions reductions.

13 (8) Streamlined administration to simplify participation while
14 protecting the accountability of moneys spent.

15 (9) Specific steps to ensure the vehicle replacement and mobility
16 option component of the program is available in areas designated
17 as federal extreme nonattainment.

18 (10) A requirement that vehicles eligible for retirement have
19 sufficient remaining life. Demonstration of sufficient remaining
20 life may include proof of current registration, passing a recent
21 smog check inspection, or passing another test similar to a smog
22 check inspection.

23 (d) When updating the guidelines to the program established
24 pursuant to subdivision (a), the state board shall study and consider
25 all the following elements:

26 (1) Methods of financial assistance other than vouchers.

27 (2) An option for automobile dealerships or other used car sellers
28 to accept cars for retirement, provided the cars are dismantled
29 consistent with the requirements of the program.

30 (3) An incentive structure with varied incentive amounts to
31 maximize program participation and cost-effective emissions
32 reductions.

33 (4) Increased emphasis on the replacement of high polluters
34 with cleaner vehicles or the increased use of public transit and car
35 sharing that results in the increased utilization of the vehicle
36 replacement and mobility option component of the program.

37 (5) Increased emphasis on the reduction of greenhouse gas
38 emissions through increased vehicle efficiency or transit and car
39 sharing use as a result of the program.

(6) Increased partnerships and outreach with community-based organizations.

(e) For purposes of this section, the following terms have the following meanings:

(1) “Car sharing” has the same definition as in Section 44258.

(2) “Mobility option” means a voucher for public transit or car sharing.

SEC. 3. Chapter 8.5 (commencing with Section 44258) is added to Part 5 of Division 26 of the Health and Safety Code, to read:

CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

44258. For purposes of this chapter, the following terms have the following meanings:

(a) “Car sharing” means a model of vehicle rental where users can rent vehicles for short periods of time and users are members that have been preapproved to drive.

(b) “Near-zero-emission vehicle” means a light-duty plug-in hybrid electric vehicle or a medium-duty, heavy-duty, or bus hybrid electric vehicle or plug-in hybrid electric vehicle.

(c) “Zero-emission vehicle” means a light-duty, medium-duty, heavy-duty, or bus battery electric vehicle or hydrogen fuel cell vehicle.

44258.4. (a) The Charge Ahead California Initiative is hereby established and shall be administered by the state board. *The goals of this initiative are to place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, to establish a self-sustaining zero-emission and near-zero-emission vehicle industry in which zero-emission and near-zero-emission vehicles are a viable mainstream option for individual vehicle purchasers, businesses, and public fleets, to increase access for disadvantaged and low- and moderate-income communities to zero-emission and near-zero-emission vehicles, and to increase the placement of those vehicles in those communities to enhance the air quality, lower greenhouse gases, and promote overall benefits for those communities.*

(b) The state board, in consultation with the State Energy Resources Conservation and Development Commission, districts, and public stakeholders, shall do all of the following:

(1) No later than June 30, 2015, adopt a nine-year ~~funding~~ plan *to meet the goals of the initiative*, commencing in the 2016–17 fiscal year, ~~to fund that establishes an estimate for the total funding necessary for~~ programs and projects that include, but are not limited to, any of the following:

(A) The Clean Vehicle Rebate Project, established pursuant to Section 44274.

(B) The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, established pursuant to ~~Article 3 (commencing with Section 44274) of Chapter 8.9~~ Section 44274.

(C) The Advanced Technology Demonstration Projects, established pursuant to Section 44274.

(D) Zero-emission and near-zero-emission vehicle fueling infrastructure projects eligible under the Alternative and Renewable Fuel and Vehicle Technology Program, established pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(E) Light-duty, medium-duty, and heavy-duty zero-emission and near-zero-emission vehicle deployment projects eligible under the Alternative and Renewable Fuel and Vehicle Technology Program, established pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(F) Medium-duty and heavy-duty zero-emission and near-zero-emission vehicle technology demonstration projects eligible under the Alternative and Renewable Fuel and Vehicle Technology Program, established pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(G) Precommercial demonstration projects of advanced freight *and transit* technology to move cargo *and passengers* in the state.

(H) Programs adopted pursuant to paragraph (4).

(2) No later than June 30, 2015, adopt revisions to the criteria and guidelines for the Clean Vehicle Rebate Project, established pursuant to Section 44274, to ensure all of the following:

(A) Rebate levels are phased down in multiyear increments based on cumulative sales levels as determined by the state board.

(B) Modifications are adopted to both improve effectiveness and ensure that the program better serves persons of low and moderate incomes.

(C) ~~Qualified low-income~~ *low- and moderate-income* motor vehicle owner participants in the ~~Enhanced Fleet Modernization Program~~, *enhanced fleet modernization program*, established

1 pursuant to Article 11 (commencing with Section 44125) of
2 Chapter 5, are eligible for rebates for the purchase of both new
3 zero-emission and near-zero-emission light-duty vehicles that are
4 eligible for rebates under the Clean Vehicle Rebate Project,
5 established pursuant to Section 44274, and used zero-emission
6 and near-zero-emission light-duty vehicles that were eligible for
7 rebates when they were originally purchased.

8 (D) Consideration of the conversion to *prequalification and*
9 point-of-sale rebates or other methods to increase participation
10 rates.

11 (3) No later than June 30, 2015, adopt revisions to the criteria
12 and guidelines for the Hybrid and Zero-Emission Truck and Bus
13 Voucher Incentive ~~Project~~ *Project, established pursuant to Section*
14 *44274*, to ensure program eligibility for a truck and bus retrofitted
15 or remanufactured to be a zero-emission or near-zero-emission
16 vehicle.

17 (4) (A) Establish programs that further increase access *to* and
18 direct benefits for disadvantaged and low- and moderate-income
19 communities from electric transportation, including, but not limited
20 to, any of the following:

21 ~~(A)~~

22 (i) A loan or loss reserve credit enhancement program to increase
23 consumer access to zero-emission and near-zero-emission vehicle
24 financing and leasing options that can help lower expenditures on
25 transportation.

26 ~~(B)~~

27 (ii) Car sharing programs that serve disadvantaged communities
28 and incorporate zero-emission and near-zero-emission vehicles.

29 ~~(C)~~

30 (iii) Deployment of charging infrastructure in multiunit
31 dwellings in disadvantaged communities to remove barriers to
32 zero-emission and near-zero-emission vehicle adoption by those
33 who do not live in detached homes.

34 (B) *Programs implemented pursuant to this paragraph shall*
35 *provide adequate outreach to disadvantaged and low- and*
36 *moderate-income communities, including partnering with*
37 *community-based organizations.*

O